

CHEMLEASE WORLDWIDE, INC.

RECORDATION NO. 12443

55 Water Street, New York, NY 10041

NOV 26 1980 -1 45 PM

INTERSTATE COMMERCE COMMISSION

Interstate Commerce Commission
Room 2303
Constitution Avenue at 12th Street, N.W.
Washington, D.C. 20023

Attention: Ms. Lee

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RECORDATION NO. 12443 Filed 1425

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INTERSTATE COMMERCE COMMISSION

November 25, 1980

12443
RECORDATION NO. 12443 Filed 1425

Q-331A064
No.

NOV 26 1980 -1 45 PM Date NOV 26 1980

INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

Re: Seafirst Leasing Corporation,
Lessor, and United States Rail
Services, Inc., Lessee

Dear Sirs:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith for filing and recordation three copies of each of the following documents:

- (1) Security Agreement dated October 1, 1980 between Chemical Business Credit Corp. and Seafirst Leasing Corporation, Lessor and United States Rail Services, Inc., Lessee.
- (2) Three leases between Seafirst Leasing Corporation, as Lessor, and United States Rail Services, Inc., as Lessee.
- (3) Assignment dated November 25, 1980 between Chemical Chemical Business Credit Corp. and ChemLease Worldwide, Inc.

The names and addresses of the parties to the aforementioned documents are as follows:

(1) Security Agreement:

(a) Secured Party:

Chemical Business Credit Corp.
55 Water Street
New York, N.Y. 10087; and

(b) Debtor:

Seafirst Leasing Corporation, Lessor
P.O. Box 3586
Seattle, Washington 98124

United States Rail Services, Inc., Lessee,
622 Battery Street
San Francisco, California 94111

BRANCH

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Judy Vanderpool
Christy

(2) Assignment:

(a) Assignor:

Chemical Business Credit Corp.
55 Water Street
New York, N.Y. 10087; and

(b) Assignee:

ChemLease Worldwide, Inc.
55 Water Street
New York, N.Y. 10087

Pursuant to the Security Agreement, the Debtor has granted to the Secured Party a security interest in the following units of equipment and in certain other collateral described in the Security Agreement:

100 ton general service gondola cars marked and numbered ALQS 7001 to ALQS 7025 both inclusive and marked and numbered CSL 101 to CSL 175 both inclusive.

Pursuant to the Assignment, the Assignor has assigned to the Assignee the Assignor's right, title and interest in, to and under the Security Agreement, including its security interest in the above described units of railroad equipment.


Please file and record the Lease, Security Agreement and the Assignment, assigning the Assignment the same recordation number as the Lease and Security Agreement, cross-indexing said documents one to the other and indexing said documents under the names of the Secured Party, the Assignee, the Debtor, and the Lessee of the above described units of railroad equipment.

The enclosed documents are being presented for recordation concurrently with the presentation for recordation of certain other documents to which the Secured Party and the Assignee are also parties, and checks are being presented for the fees for recording all such documents pursuant to 49 CFR 1116.1.

Please stamp all three copies of each of the three enclosed documents and the attached copy of this transmittal letter with your official recording stamp. You will wish to retain two copies of each of the three documents and the original of this transmittal letter for your files. It is requested that the one remaining copy of each of the three

3.
documents and of this transmittal letter be delivered to the
bearer of this letter.

Very truly yours,


Jeffrey B. Reitman
Vice President and
Secretary

JBR:dp
encs.

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RECORDATION NO. _____ Filed 1425

DUPLICATE

NOV 26 1980 - 1 45 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE
Dated as of October 1, 1980

BETWEEN

SEAFIRST LEASING CORPORATION,
as Lessor

and

UNITED STATES RAIL SERVICES, INC.,
as Lessee

USRS Lease No. 5

TABLE OF CONTENTS

<u>Section</u>	<u>Heading</u>	<u>Page</u>
Parties		1
1.	Definitions: Construction of References	1
2.	Lease of Equipment	4
3.	Term and Rent	4
4.	Net Lease, Assignment by Lessor	7
5.	Return of Equipment	8
6.	Warranties of the Lessor	11
7.	Liens	13
8.	Taxes	14
9.	Use, Location, Maintenance and Operation; Identifying Marks	18
10.	Inspection	21
11.	Loss or Destruction; Requisition of Use; Optional Termination	22
12.	Insurance	30
13.	Indemnification	33
14.	Assignment by Lessee, Subleasing	35
15.	Tax Indemnification	35
16.	Lease Extension, Right of First Refusal	45
17.	Events of Default	47
18.	Remedies	49
19.	Notices	53
20.	Lessor's Right to Perform For Lessee	53
21.	Further Assurances	54
22.	Amendments and Miscellaneous	55
Signatures		56

ATTACHMENTS

Exhibit A Description and Lessor's Cost of Equipment
 Exhibit B Casualty Value
 Exhibit C Termination Values

EQUIPMENT LEASE

THIS EQUIPMENT LEASE, dated as of October 1, 1980 (the Lease), is between SEAFIRST LEASING CORPORATION (the Lessor) and UNITED STATES RAIL SERVICES, INC. (the Lessee).

W I T N E S S E T H :

SECTION 1. Definitions: Construction of References

In this Lease, unless the context otherwise requires:

(a) All references in this instrument to designated Sections and other subdivisions are to designated Sections and their subdivisions of this Lease, and the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Section or other subdivision;

(b) The terms defined in this Section 1 or elsewhere in this Lease shall have the meanings assigned to them in this Section 1 or elsewhere and include the plural as well as the singular;

(c) Except as otherwise indicated, all the agreements or instruments hereinafter defined shall mean such agreements or instruments as the same may from time to time be supplemented or amended or the terms thereof waived or modified to the extent permitted by, and in accordance with, the terms thereof;

(d) The following terms shall have the following meanings for all purposes of this Lease;

(1) Appraisal shall mean a procedure whereby an independent appraiser, who shall not be a manufacturer of the Item of Equipment for which Appraisal is required, chosen by the Lessee and the Lessor, shall determine the amount in question. If within 15 days after Appraisal is to be initiated, the Lessor and the Lessee are unable to agree upon the appraiser, such appointment shall be made by an authorized representative of the American Arbitration Association or any organization successor thereto. The decision of the appraiser, however chosen, shall be given within 10 days after the selection and such decision shall be binding and conclusive on the Lessor and the Lessee. The Lessee shall pay all fees and expenses of any Appraisal.

(2) Basic Rent, Basic Rent Dates, Interim Rent, Rent, and Supplemental Rent, shall have the meanings set forth in Section 3 hereof.

(3) Casualty Value shall have the meaning with respect to each Item of Equipment as set forth in Exhibit B.

(4) Closing Date shall mean , 1980.

(5) Expiration Date shall mean January 6, 1999.

(6) Term Lease Commencement Date shall mean January 6, 1981.

(7) Termination Value shall have the meaning with respect to each Item of Equipment as set forth in Exhibit C.

(8) Business Day, Code, Notes, Purchase Agreement, Purchase Contract, Purchase Documents and Security Agree-

ment, shall have the meanings set forth in the Participation Agreement.

(9) Equipment and Item of Equipment shall have the meanings set forth in Section 2 hereof.

(10) Fair Market Rental Value and Fair Market Value of an Item of Equipment, respectively, shall be determined on the basis of, and shall mean the amount of rental for the term of lease in question and in the case of determining the Fair Market Value, the purchase price, which would be obtainable in an arm's-length transaction between an informed and willing user or lessee or purchaser (other than a used equipment dealer) and an informed and willing lessor or seller neither of whom are under any compulsion to lease, or sell, and in such determination costs of removal from the location of current use shall not be a deduction from such amount and all alternative uses in the hands of such user, lessee or purchaser including, without limitation, the further leasing of such Item of Equipment, shall be taken into account in making such determination. If the Lessor and the Lessee are unable to agree upon a determination of Fair Market Rental Value or Fair Market Value with respect to a particular Item of Equipment, such Fair Market Rental Value or Fair Market Value shall be determined in accordance with the procedure for Appraisal.

(11) Lessor's Cost with respect to each Item of Equipment shall mean the amount shown for such Item on Exhibit A.

(12) Overdue Rate shall mean 14% per annum, simple interest.

(13) Participation Agreement shall mean the Participation Agreement, dated as of the date hereof, among the Lessee, the Lessor, United States Leasing International, Inc. and Chemical Business Credit Corp., as lender (the Lender).

SECTION 2. Lease of Equipment

Effective on and as of the Closing Date, the Lessor hereby leases to the Lessee, and the Lessee hereby leases from the Lessor, upon the terms and conditions hereinafter set forth, one hundred (100) 100-ton 52 foot 6 inch general service gondola railroad cars manufactured by Trinity Industries, Inc., and identified by the car numbers and other identifying numbers, if any, set forth on Exhibit A (individually, an Item or Items and collectively, the Equipment). The Lessee hereby acknowledges that the Equipment has been accepted for lease under this Lease and in so doing, represents, warrants and agrees on and as of the Closing Date that each Item: (a) has been found to be in good order and condition and meets the specifications in the Purchase Contract therefor, and (b) is deemed to have been delivered to and accepted by the Lessee and is subject to the terms and conditions of this Lease.

SECTION 3. Term and Rent

(a) The term of this Lease as to each Item of Equipment shall begin on the Closing Date, and shall end on the Expiration Date, unless this Lease shall have been terminated,

or the term of this Lease with respect to such Item of Equipment shall have been extended, by the terms hereof.

(b) The Lessee shall pay to the Lessor as Interim Rent for each Item of Equipment subject to this Lease an amount per day equal to .0239488% of the Lessor's Cost thereof for the period, if any, from (and including) the Closing Date to (but excluding), the Term Lease Commencement Date, counting days on the basis of a 360-day year consisting of 12 consecutive 30-day months.

(c) The Lessee shall pay to the Lessor as Basic Rent for each Item of Equipment subject to this Lease, twenty-four (24) consecutive semi-annual installments, the first twenty-three (23) of which shall be in an amount equal to 5.02404% of the Lessor's Cost thereof and the final installment shall be in an amount equal to 52.7688% of the Lessor's Cost thereof.

(d) The entire amount of Interim Rent shall be due and payable on the Term Lease Commencement Date. The installments of Basic Rent for each Item of Equipment shall be due and payable on the 6th day of each January and July during the term hereof commencing July 6, 1981 and with a final payment due on January 6, 1993 (Basic Rent Dates). If any of the Basic Rent Dates is not a Business Day, the rent payment otherwise payable on such date shall be payable on the next succeeding Business Day.

(e) The Lessee shall pay to the Lessor the following amounts (herein referred to as Supplemental Rent and, together with all Interim Rent and Basic Rent, as Rent):

(1) on demand, any amount payable hereunder (other than Interim Rent, Basic Rent, Termination Value and Casualty Value) which the Lessee assumes the obligation to pay, or agrees to pay, under this Lease to the Lessor or others;

(2) on the dates provided herein, any amount payable hereunder as Termination Value and Casualty Value;

(3) to the extent permitted by applicable law, interest (computed on the basis of a 360-day year of twelve 30-day months) at the Overdue Rate on any payment of Interim Rent, Basic Rent, Termination Value or Casualty Value, not paid when due for any period after which the same shall be overdue and on any payment of Supplemental Rent, (excluding Termination Value and Casualty Value) not paid when demanded hereunder for the period from the date of such demand until the date on which the same shall be paid;

(4) all amounts as and when due under the Participation Agreement.

(f) All payments of Rent hereunder shall be made so that the Lessor or any assignee of the Lessor, shall have immediately available funds on the date payable hereunder, and shall be paid to the Lessor at its address set forth herein or at such other address as the Lessor may direct by notice in writing to the Lessee.

(g) The Basic Rent on the first twenty-three (23) Basic Rent Dates are payments in arrears for the immediately preceding semi-annual period. The last Basic Rent payment

contains a payment of rent equal to the preceeding Basic Rent payment for the preceeding semi-annual period from July 6, 1992 to January 6, 1993 and an advance payment of rental for the remaining six (6) years of the term of this Lease ending on the Expiration Date. Such advance payment shall entitle the Lessee to full use and enjoyment of the Equipment and a leasehold interest therein until the Expiration Date without payment of additional amounts other than Supplemental Rent if any, that may become payable in such period and to certain other rights as hereinafter provided.

SECTION 4. Net Lease, Assignment by Lessor

(a) Net Lease. This Lease is a net lease and the Lessee acknowledges and agrees that the Lessee's obligations to pay all Rent hereunder, and the rights of the Lessor and its assignee in and to such Rent, shall be absolute and unconditional and shall not be subject to any abatement, reduction, set-off, defense, counterclaim or recoupment (Abatement) for any reason whatsoever, including, without limitation, any Abatement due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise, or against the manufacturer or seller of any Item of Equipment. Except as otherwise expressly provided herein, this Lease shall not terminate, nor shall the respective rights and obligations of the Lessor or the Lessee be affected, by reason of any defect in or damage to, or any loss or destruction of, the Equipment or any Item thereof from whatsoever cause, or the interference with the use thereof by any private person, corporation or

governmental authority, or the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law or regulation to the contrary notwithstanding, it being the express intention of the Lessor and the Lessee that all Rent payable by the Lessee hereunder shall be, and continue to be, payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

(b) Assignment by Lessor. The Lessor shall have the right to mortgage the Equipment or assign pursuant to the Security Agreement or other separate form of assignment, all or any part of its rights, subject to the rights and leasehold interest of the Lessee under this Lease. In such event, each assignee shall be entitled to enforce the rights so assigned, but shall be under no liability to the Lessee to perform any of the obligations of the Lessor. The Lessee agrees that it will pay all sums so assigned and due by the Lessee hereunder directly to such assignee (or to whomsoever the assignee shall direct) after receipt of notice of such assignment. Any assignee of Lessor's rights may reassign such rights with the same force and effect as, but to no greater extent than, an original assignment.

SECTION 5. Return of Equipment

Upon final termination of the lease term hereunder of any Item of Equipment (other than a termination under Section

11), the Lessee shall forthwith deliver possession of the Items to the Lessor in the same condition as when received, ordinary wear and tear excepted, and such Items shall meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction over such Items and the applicable standards then in effect for such Items under the interchange rules of the Association of American Railroads. For the purposes of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(i) Forthwith place such Items upon such storage tracks or at such storage facility as the Lessor and the Lessee may reasonably agree, or in the absence of such agreement, upon storage tracks at not more than three (3) separate locations within the continental United States as the Lessee may reasonably designate;

(ii) Permit the Lessor to store such items on such tracks at the risk of the Lessee during the first ninety (90) days of any storage period or until such Items have been sold, leased or otherwise disposed of by the Lessor, whichever first occurs, provided that the Lessee will use its best efforts to arrange for storage at such locations or for other suitable storage elsewhere, at the sole cost, expense and risk of the Lessor for a longer period, as to any Items not sold, leased or otherwise disposed of by the Lessor within such initial ninety (90) day period.

(iii) Within such initial ninety (90) day period and upon at least fifteen (15) day's prior written notice from the Lessor to the Lessee, transport the same within a reasonable time to one of the three locations at which any of the Items are then stored, which location shall be determined at Lessee's option; and the removal, assembling, delivery, storage (except as above provided) and transporting of the Items as hereinabove provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to remove, assemble, deliver, store and transport the Items. During the first ninety (90) days of any storage period, the Lessee shall maintain insurance on the Items of Equipment in accordance with Section 12 hereof and shall upon notice permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessor or any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or lessor, the rights of inspection granted under this sentence.

Any such Item shall be returned in the condition in which such Item is required to be maintained pursuant to Section 9

hereof. Each Item, upon redelivery pursuant hereto, shall be free and clear of all mortgages, liens, security interests, charges, encumbrances and claims (Liens), other than Liens resulting from voluntary action by the Lessor without the prior approval of the Lessee and Liens described in Section 7(g) of the Participation Agreement (such Liens being herein referred to as Lessor's Liens).

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 5, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Item to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be in possession of such Item at the time.

SECTION 6. Warranties of the Lessor

(a) The Lessor warrants that during the term of this Lease, so long as no Event of Default has occurred and is continuing, the Lessee's use of the Equipment shall not be interrupted by the Lessor or anyone claiming by, through or under the Lessor and each Item will be and remain free and clear of any Lessor's Liens.

(b) The warranties set forth in paragraph (a) of this Section are in lieu of all other warranties of the Lessor, whether written, oral or implied with respect to this Lease or the Equipment; and the Lessor shall not be deemed to have made, and the LESSOR LEASES THE EQUIPMENT AS-IS AND HEREBY DISCLAIMS

ANY OTHER REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE TITLE, DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT OR CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, NOR SHALL THE LESSOR BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT), but the Lessor authorizes the Lessee, at the Lessee's expense, to assert for the Lessor's account, during the term of this Lease, so long as no Event of Default shall have occurred hereunder and be continuing, all of the Lessor's rights under any applicable manufacturer's or seller's warranty, patent and other agreements and the Lessor agrees to cooperate with the Lessee in asserting such rights; provided, however, that the Lessee shall indemnify and shall hold the Lessor harmless from and against any and all claims, and all costs, expenses, damages, losses and liabilities incurred or suffered by the Lessor in connection with, as a result of, or incidental to, any action by the Lessee pursuant to the above authorization. Any amount received as payment under any such warranty, patent or other agreements shall be payable to the Lessor and, if no Event of Default has occurred and is continuing hereunder, such amount shall be applied (i) if the breach of agreement resulted in defects or deficiencies in the Equipment, to restore or as reimbursement to the Lessee for the restoration of the Equipment to

the condition required by Section 9 hereof and if any excess funds are available after application as set forth in (i), then (ii) if such breach resulted in other loss, including loss of actual or potential income, expense or liability, to pay any such loss, expense or liability or as reimbursement to the Lessee for any payments of that nature made or incurred by the Lessee, and (iii) the balance to the Lessor.

SECTION 7. Liens

The Lessee will not mortgage, encumber or directly or indirectly create, incur, assume or suffer to exist any Liens on or with respect to the Equipment, title thereto or any interest therein (and the Lessee will promptly, at its own expense, take such action as may be necessary to duly discharge any such Lien), except (a) the respective rights of the Lessor and the Lessee and under subleases made by the Lessee, as herein provided, (b) Lessor's Liens, (c) Liens for taxes either not yet due or being contested in good faith and by appropriate proceedings, if independent counsel for the Lessor shall have determined that the nonpayment of any such tax or the contest of any such payment in such proceedings do not, in the reasonable opinion of such counsel, adversely affect the title, property, or rights of the Lessor or the security interest of the Lender under the Security Agreement, and (d) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business of the Lessee and not delinquent, and (e) Liens granted by the Lessor to any assignee or security assignee of the Lessor.

SECTION 8. Taxes

(a) Except as provided in part (b) of this Section, the Lessee agrees to pay and to indemnify the Lessor for, and hold the Lessor harmless from and against, all income, franchise, sales, use, personal property, ad valorem, value added, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges, or withholdings of any nature, licensing or registration fees, together with any penalties, fines or interest thereon or reasonable attorneys' fees incurred by the Lessor with respect thereto (Impositions), arising out of the transactions contemplated by this Lease and imposed against the Lessor, the Lessee or the Equipment by any federal, state, local or foreign government or taxing authority upon or with respect to the Equipment or upon the sale, purchase, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease unless, and only to the extent that, the Lessee shall have given to the Lessor written notice 90 days prior to the date for payment of any such Imposition, which notice shall state that such Imposition is being contested by the Lessee in good faith and by appropriate proceedings and independent counsel (who may be Lessor's regularly retained general counsel) for the Lessor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the reasonable opinion of such counsel, adversely affect the title, property or rights of the Lessor, or the security interest of the Lender

under the Security Agreement. All amounts payable by the Lessee under this Section 8 shall be payable to the extent not theretofore paid, on written demand of the Lessor. If a claim is made against the Lessee or the Lessor for any Imposition, the party receiving notice of such claim shall promptly notify the other. In case any report or return is required to be made, whether in the name of the Lessor or the Lessee (including, without limitation, all state and local sales, use and property tax returns) with respect to any obligation of the Lessee under this Section 8 or arising out of this Section 8, the Lessee will either (after notice to the Lessor) make such report or return in such manner as will show the ownership of the Equipment in the Lessor or will notify the Lessor of such requirement and make such report or return in such manner as shall be satisfactory to the Lessor. The Lessor agrees to cooperate fully with the Lessee in (a) the preparation of any such report or return and (b) provided the Lessee shall pay all costs and expenses of the Lessor, any contest contemplated in this Section 8.

(b) The Lessee's obligations under paragraph (a) of this Section 8 shall not apply to:

(1) Impositions on, based on, or measured by, the net income of the Lessor imposed by the United States;

(2) Impositions on, based on, or measured by, the net or gross income of the Lessor (A) imposed by the state or any local government or taxing authority within the state in which the Lessor's principal office is or may

be located or (B) imposed by any other state or local government or taxing authority, but only to the extent that payment of such Impositions to such other state or local government or taxing authority reduces Impositions payable by the Lessor to the state or any local government or taxing authority within the state in which Lessor's principal office is or may be located.

(3) Impositions incurred solely by reason of any voluntary transfer or any involuntary transfer resulting from any exercise by any creditor of the Lessor of such creditor's rights of any interest in the Equipment or any portion thereof or the Lease at a time when such Equipment is leased under the Lease and no Event of Default (or other event which with the lapse of time or the giving of notice or both would constitute an Event of Default) has occurred and is continuing (not including any transfer pursuant to Section 11 of the Lease unless the Lessee has paid in full the Casualty Value or the Termination Value as required by Section 11 and all other amounts due pursuant to Section 11, not including any transfer pursuant to Section 18 of the Lease and not including any transfer pursuant to Section 12 of the Participation Agreement).

(4) Impositions on the excess of any net insurance proceeds, condemnation payments, damages or other amounts over Casualty Value or the excess of any proceeds of sale over Termination Value retained by the Lessor under Section 11 of the Lease;

(5) Impositions incurred solely by reason of any event occurring after the return of the Equipment at or after the end of the term of the Lease, as scheduled, as renewed pursuant to Section 16 of the Lease, or as terminated pursuant to Section 11 of the Lease; and

(6) Impositions to the extent the Lessor's gross negligence or willful misconduct causes or deprives the Lessee of legal rights to avoid or reduce the same.

If the Lessor is indemnified by the Lessee with respect to an Imposition as provided in this Section 8 and as a direct result thereof the tax liability of the Lessor is reduced in the year of payment or any subsequent year, the Lessor shall pay the Lessee the sum of (i) the amount by which the Lessor's tax liability has been so reduced and (ii) any reduction in the Lessor's tax liability attributable to the deduction of the amount described in this sentence; provided, however, that the total of such payments by the Lessor shall not exceed the total of indemnity payments made by the Lessee in respect of such Imposition and no such amount shall be payable to Lessee at any time when an Event of Default (or any event which with the lapse of time or the giving of notice or both would become an Event of Default) has occurred and is continuing.

No amount shall be payable under paragraph (a) of this Section to the extent any payment of Casualty Value or Termination Value by the Lessee has indemnified the Lessor for any amount otherwise payable pursuant to this Section. If the Les-

see makes both an indemnity payment with respect to an Imposition under this Section and also makes either a payment of Casualty Value or a payment of Termination Value, then in such event an appropriate adjustment shall be made, if necessary, to prevent duplication of payment by the Lessee for such Imposition. The obligations under this Section 8 will survive the expiration or earlier termination of this Lease.

(c) The amount of each indemnity payable by the Lessee under this Section shall be increased to such amount as will, after taking into account all Impositions imposed with respect to the receipt of such indemnity by the Lessor or any payment by the Lessee for the Lessor's account (as the same may be increased under this sentence) and any deductions or credits attributable to the Impositions for which the indemnity payment has been made, equal the amount of such indemnity.

SECTION 9. Use, Location, Maintenance and Operation; Identifying Marks

(a) The Lessee agrees that the Equipment will be used, and when redelivered to the Lessor will be, in compliance with any and all statutes, law, ordinances and regulations of any governmental agency and the interchange rules of the Association of American Railroads or its successor, applicable to the use of the Equipment, and, subject to the provisions of Section 14 hereof, will at all times be used solely in the conduct of its business and be and remain in the possession and control of the Lessee. The Lessee agrees that no Item of Equipment shall be used or maintained in a manner or place

which would cause a Loss (as defined in Section 15 hereof). The Lessee agrees that the Equipment will be used primarily in the continental United States of America and that it will use its best efforts to cause any Item located outside the continental United States of America to be returned to the continental United States of America within the shortest possible time. During the term of this Lease or any extension thereof, the Lessee shall execute and file at the Lessee's expense any documents necessary to perfect, protect and preserve in the appropriate jurisdictions, in the reasonable opinion of the Lessor and the Lender, (i) the title of the Lessor to, and (ii) the security interest of the Lender in, such Item of Equipment. Throughout the term of this Lease or any extension thereof, the possession, use and maintenance of the Equipment shall be at the sole risk and expense of the Lessee.

(b) The Lessee shall use the Items of Equipment only in the manner for which they were designed and intended and will, at its own cost and expense, install or otherwise provide all mechanisms, modifications and improvements required for the Equipment to be in compliance with Section 9(a) hereof and repair and maintain each Item of Equipment so as to keep it in as good condition as when delivered to the Lessee hereunder, ordinary wear and tear excepted.

(c) The Lessee will not, without the prior written consent of the Lessor, affix or install any accessory, equipment or device on any Item of Equipment leased hereunder which will either impair the originally intended function or use or

adversely affect the commercial value of any such Item. The Lessee agrees that any nonremovable addition to the Equipment which has been furnished, attached or affixed to any Item shall upon attachment or affixation become the property of the Lessor and thereupon all such accessories, equipment and devices shall become a part of the Equipment leased hereunder and be subject to the lien granted by the Lessor in financing the Lessor's Cost of the Equipment. The Lessee agrees that each such Item is, and shall continue to be throughout the term of this Lease, personal property under applicable law and the Lessee agrees to take such action as shall be required from time to time by the Lessor to protect the Lessor's title to each such Item and the right of the Lessor to remove the same.

(d) The Lessee agrees, at its own cost and expense, to:

(1) cause each Item of Equipment to be kept numbered with the road number specified in Exhibit A therefor or with the road number of any sublessee or user thereof provided the Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor and the Lender by the Lessee and filed, recorded or deposited in all public offices where this Lease or the Security Agreement shall have been filed, recorded or deposited;

(2) keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Subject to an Ownership and Security Interest
Recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee; and

(3) keep and maintain such other markings as from time to time may be required by law or otherwise deemed necessary by the Lessor in order to protect the title of the Lessor to such Item of Equipment, the rights of the Lessor under this Lease and the lien granted by the Lessor in financing the Lessor's Cost of the Equipment.

The Lessee will not place any Item of Equipment in operation or exercise any control or dominion over the same until the requirements of this Subsection 9(d) have been met. The Lessee will replace promptly any such markings which may be removed, defaced or destroyed.

SECTION 10. Inspection

The Lessor shall have the right, but not the duty, to inspect the Equipment. Upon the request of the Lessor, the

Lessee shall confirm to the Lessor the last known location and user of each Item of Equipment and shall, at any reasonable time, and as to Items in the possession of the Lessee, make such Items, and the Lessee's records pertaining to the Equipment available to the Lessor for inspection at such location. As to any Items subleased or rented by the Lessee to others, the Lessee will, within a reasonable time, make arrangements for the Lessor to inspect such Items and the user's records pertaining to such Items in a manner which does not interfere with the usage of such Items by the Lessee's subleasing or rental customer.

SECTION 11. Loss or Destruction; Requisition of Use; Optional Termination;

(a) The Lessee agrees, it shall use reasonable diligence to ascertain, promptly report to the Lessor and keep the Lessor currently apprised of all important facts and circumstances, in the event that any Item of Equipment shall be or become damaged, destroyed, lost, stolen, or permanently rendered unserviceable or unfit for use for any reason whatsoever, or title thereto shall be requisitioned or otherwise taken by any governmental authority under power of eminent domain or otherwise (Requisition of Use), or any Item of Equipment is returned to the manufacturer or seller thereof pursuant to any warranty, repair or indemnity provisions of any Purchase Contract.

(b) Within thirty (30) days after the Lessee's report that there has been any damage to an Item, the Lessee shall determine and notify the Lessor whether such Item of Equipment

can be repaired within six (6) months from the date of such notice (Repair Period).

(c) In the event that an Item damaged cannot be repaired within the Repair Period or in the event of destruction, loss, theft, unserviceability, unfitness for use, Requisition of Use for a stated period which exceeds the remaining term of this Lease, a Requisition of Use for an unstated period which exists for more than one (1) year or until after the Expiration Date, or return of such Item to the manufacturer or seller thereof without replacement thereof within six (6) months of the date of such return (any of such occurrences being referred to as an Event of Loss), the Lessee shall promptly notify the Lessor of such Event of Loss. On the Term Lease Commencement Date or the Basic Rent Date for the Item affected or the January 6 or July 6 after January 6, 1993 and on or prior to the Expiration date (the Settlement Date) next following the date of such Event of Loss, the Lessee shall pay to the Lessor the Casualty Value of such Item, determined as of such Term Lease Commencement Date, Basic Rent Date or Settlement Date, together with the full payment of Rent and any other amounts then due with respect to such Item of Equipment. In the event the Lessee determines that a damaged Item can be repaired, the Lessee shall continue to make all payments of Rent due with respect to such Item and shall cause such Item to be repaired or return such Item to the manufacturer for repair or replacement, within the Repair Period and in the event an Item is returned to the manufacturer or seller and replaced within six (6) months, the

Lessee shall take such action as may be required to protect the Lessor's title to the replacement and perfect, protect and preserve the interests of the Lessor and any security interests created by the Lessor therein, provided, that if the Lessee shall fail to repair such Item within the Repair Period or replace any such returned Item within six (6) months, the Lessee shall, on the Basic Rent Date or Settlement Date for the Item affected next following the end of the Repair Period or time limit for replacement, pay to the Lessor the Casualty Value of such Item, determined as of such Basic Rent Date or Settlement Date, together with the full payment of Rent and any other amounts then due with respect to such Item of Equipment. If such time is after the Expiration Date the Casualty Value shall be paid at the end of the Repair Period or time limit for replacement and the Lessee shall pay the Lessor interest at the Overdue Rate on an amount equal to the Casualty Value, as of the Expiration Date, from the Expiration Date to the date the Casualty Value is paid. If the Item to be repaired is repaired or an Item to be replaced is replaced within the time period allowed and is returned to the Lessor after the Expiration Date therefor, at the time of such return the Lessee shall pay the Lessor interest at the Overdue Rate on an amount equal to the Fair Market Value of such Item from the Expiration Date of the Item to the Date of its return to the Lessor. Notwithstanding the foregoing, the Lessee, pursuant to the provisions of Section 15 of this Lease, shall still be required to indemnify the Lessor for any loss of Tax Benefits, as defined in Section 15

hereof, due to the replacement or modification of an Item of Equipment as authorized hereby. Upon making such Casualty Value payment and the full payment of Rent and any other amounts then due with respect to such Item of Equipment, the Lessee's obligation to pay further Rent for such Item shall cease. Except in the case of return to the manufacturer or seller, the Lessor shall be entitled to recover possession of such Item, unless possession of such Item is required to be delivered to an insurance carrier (other than the Lessee) in order to settle an insurance claim arising out of the Event of Loss. Except as provided in subsection (d) hereof, the Lessor shall be entitled to retain any salvage value realized other than amounts to which an insurance carrier is subrogated. The Lessor shall be under no duty to the Lessee to pursue any claim relating to the Event of Loss or against any governmental authority, but the Lessee may at its own cost and expense pursue the same on behalf of the Lessor in such manner as may be reasonably satisfactory to the Lessor. Any replacement Item provided by the manufacturer or seller in exchange for the original Item in accordance with the provisions of this Section 11(c) shall be in as good operating condition as, and shall have a value and utility at least equal to, the original Item replaced, assuming the Item replaced was in the condition and state of repair required to be maintained by the terms hereof.

(d) Following making of the Casualty Value payment and the full payment of Rent and any other amounts then due with respect to an Item of Equipment in accordance with the

provisions of Section 11(c), the Lessee shall, as agent for the Lessor, dispose of such Item as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS-IS", "WHERE-IS" basis without representation or warranty, express or implied. Regardless of whether an Item suffering an Event of Loss shall be disposed of finally by a sale, surrender to an insurance carrier, as salvage or abandonment, the Lessor and the Lessee agree that whatever proceeds, including without limitation proceeds from insurance, from a manufacturer or supplier and claims against third parties, which may be realized relating to the Event of Loss, provided the Lessee has paid the Lessor the amounts it is required to pay under this Section and no Event of Default has occurred and is continuing under this Lease, shall be paid to and retained by the Lessee up to the sum of (i) Casualty Value of such Item, (ii) the Lessee's reasonable costs and expenses of disposition or obtaining such proceeds and (iii) if such payment was made on a Settlement Date, the amount shown in parenthesis on Exhibit B applicable to the relevant Settlement Date with respect to such Item, and the excess, if any, shall be paid to the Lessor. As to each Item of Equipment modified and each replacement Item installed by the manufacturer or seller pursuant to any warranty or patent indemnity provisions of any Purchase Contract, the Lessor and the Lessee agree that such modified Item or replacement Item shall be delivered to the Lessee and shall, without any further act of the Lessor or the Lessee, be considered an Item for all purposes of this Lease.

(e) The Lessee shall bear the risk of loss and shall not be released from its obligations hereunder in the event of any damage or Event of Loss to any Item of Equipment after delivery to and acceptance by the Lessee hereunder.

(f) In the case of a Requisition of Use of any Item of Equipment for a stated period which does not exceed the remaining term of this Lease of such Item, such Requisition of Use shall not terminate this Lease with respect to such Item, and each and every obligation of the Lessee with respect thereto shall remain in full force and effect. So long as no Event of Default shall have occurred and be continuing under this Lease, the Lessee shall be entitled to all sums received by reason of any such Requisition for Use.

(g) Unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled, at its option, upon at least 90 days' prior written notice to the Lessor and any assignee, to terminate this Lease on the due date of the sixteenth (16th) installment of Basic Rent or on the due date of any installment of Basic Rent thereafter or on any Settlement Date if the Lessee shall have made a good faith determination that all (but not less than all) of the Items of Equipment have become obsolete or otherwise uneconomical for use by the Lessee in its business, which notice shall specify in detail the basis for such determination and shall be signed by the President or a Vice President of the Lessee; provided, however,

that such termination shall become effective only on a Basic Rent Date or Settlement Date (hereinafter in this Subsection (g) called the Termination Date); provided, further, that such termination shall not take effect unless the Lessee shall have fully complied with the succeeding paragraphs of this Subsection (g).

During the period from the giving of such notice to the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of all the Items of Equipment on an "as-is", "where-is" basis, and the Lessee shall certify to the Lessor in writing the amount of each bid received and the name and address of the person (who shall not be the Lessee or any person, firm or corporation affiliated with the Lessee) submitting such bid. An "affiliate" of the Lessee shall mean any person who possesses, directly or indirectly, the right to vote at least 10% of the voting securities of the Lessee, and any person who, directly or indirectly, controls or is controlled by or is under common control with the Lessee and "control" (including "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or control the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise. On the Termination Date, the Lessor shall, without recourse or warranty, sell the Items of Equipment for cash to whomsoever shall have submitted the highest bid therefor prior to the Termination

Date, and thereupon the Lessee shall cause the Items of Equipment to be delivered to the Lessor (or directly to the purchaser thereof if so directed by the Lessor). After any sale of the Items of Equipment pursuant to this Section 11, the Lessee will not lease or otherwise use such Items and will not permit or suffer the leasing or other use of such Items by any person affiliated with the Lessee. If the sale of all Items of Equipment shall not occur on the Termination Date, the Lessee shall not cause such delivery of the Items of Equipment to the Lessor; and this Lease shall continue in full force and effect. The Lessor shall be under no duty to (but may) solicit bids, inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale.

The total sales price realized at such sale of the Items of Equipment shall be paid to the Lessor and, in addition, on the date of such sale, the Lessee shall pay to the Lessor (i) the excess, if any, of the Termination Value of the Items of Equipment computed as of the Termination Date over the net sales price of such Items after deducting from such sale price any reasonable costs and expenses incurred by the Lessor in connection with such sale and (ii) the full payment of Rent and any other amounts then due with respect to such Items of Equipment. If the Lessee has paid to the Lessor all amounts required to be paid under this Lease on the Termination Date, then the Lessor shall pay or refund to the Lessee the amount shown in parentheses on Exhibit D applicable to the relevant Termination Date with respect to such Items of Equipment plus

the amount of the Lessee's expenses incurred in connection with such sale; provided, however, that the Lessor's obligation to make such payment or refund to the Lessee shall be limited to an amount equal to the excess of (i) the net sales price realized and paid to the Lessor over (ii) the Termination Value of the Items of Equipment computed as of the Termination Date plus any reasonable costs and expenses incurred by the Lessor, in connection with such sale.

SECTION 12. Insurance

The Lessee will at all times after the Closing Date, at its own expense, keep or cause to be kept such Item insured by a reputable insurance company or companies, satisfactory to the Lessor, in amounts, against all risks and with deductibles acceptable to the Lessor. Any such insurance may be carried under blanket policies so long as such policy otherwise complies with the provisions of this Section 12. All such insurance and deductibles thereunder shall be satisfactory in form and content to the Lessor and the Lender and shall cover the interest of the Lessor and the Lender in the Items, as their interests may appear, and shall protect the Lessor and the Lender in respect of risks arising out of the condition, maintenance, use, ownership, or operation of the Items. Such insurance may provide that losses of less than \$3,000 for each Item or \$50,000 in the aggregate for any one occurrence shall be adjusted with the Lessee. All liability policies shall name the Lessor as an additional insured. All policies required hereby covering loss or damage to any Item shall name the

Lessor as an additional insured and the Lender as loss payee and shall provide that any payment thereunder for any loss or damage shall (except as provided below) be made to the Lender and the Lessor, as their interests may appear, payment to the Lender to be made under a standard loss payable clause satisfactory to the Lessor and the Lender and shall provide that the insurer thereunder waives all rights of subrogation against the Lessor and the Lender, and that such insurance as to the interests of the Lessor and the Lender therein shall not be invalidated by any act or neglect of the Lessor, the Lessee or the Lender or by any foreclosure or other remedial proceedings or notices thereof relating to the Items or any Items or any interest therein nor by any change in the title or ownership of the Item or any interest therein or with respect thereto, or by the use or operation of the Items for purposes more hazardous or in a manner more hazardous than is permitted by such policy. No such policy shall contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Items against the risks involved, whether collectible or not. If no Event of Default has occurred and is continuing hereunder, all proceeds of insurance received by the Lessor and the Lender with respect to any Items of Equipment not suffering an Event of Loss shall be paid to the Lessee upon proof satisfactory to the Lessor and the Lender that any damage to any Item with respect to which such proceeds were paid has been fully repaired and the Item has been restored to the condition required

hereunder. Any such proceeds of insurance received by the Lessor and the Lender with respect to an Event of Loss shall be credited toward the payment required by this Lease with respect to an Event of Loss. The Lessee shall upon request of any such party, allow the Lender and the Lessor an opportunity to read and review the insurance policies required hereunder and shall furnish each of such parties certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal not less than thirty (30) days prior to the expiration date of the original policy or renewal policies. All such policies shall provide that the same shall not be cancelled or materially altered without at least thirty (30) days prior written notice to each assured named therein.

The certificates or other evidence of insurance presented on the Closing Date and approved by the Lessor and Lender, as evidenced by the Lessor's purchase of the Equipment on such date and the Lenders making of the loan, may specify policy limits, deductible amounts and policy provisions less favorable than the insurance actually carried by the Lessee. The policy limits, deductible amounts and policy provisions stated in the certificates or other evidence of insurance delivered and approved by the Lessor and the Lender on the Closing Date, shall establish for the term of this Lease, the minimum insurance coverage required by the terms of this Section.

SECTION 13. Indemnification

Except as otherwise provided herein, the Lessee agrees to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless the Lessor and its agents, employees, shareholders, officers and directors from and against any and all liabilities, obligations, losses, damages, penalties, claims (including, without limitation, claims involving strict or absolute liability), actions, suits, costs, expenses and disbursements (including, without limitation, legal fees and expenses) of any kind and nature whatsoever (Claims) which may be imposed on, incurred, or asserted against the Lessor or such persons whether or not the Lessor, or such persons shall also be indemnified as to any such Claim by any other persons, in any way relating to or arising out of this Lease or any document contemplated hereby or the performance or enforcement of any of the terms hereof or thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, delivery, lease, sublease, possession, use, operation, maintenance, condition, registration, sale, return, storage or disposition of any Item of Equipment or any accident in connection therewith (including, without limitation, latent and other defects, whether or not discoverable and any Claim for patent, trademark or copyright infringement); provided, however, that the Lessee, shall not be required to indemnify the Lessor or such persons with respect to (a) any Claim in respect of any Item of Equipment arising from acts or events which occur after possession of such Item

of Equipment has been redelivered to the Lessor or this Lease has been terminated pursuant to Section 11 hereof as to Items in respect of which the Claim arises, or (b) any Claim of such indemnified party resulting from acts of such indemnified party which would constitute the willful misconduct or gross negligence of such party or default by such party under this Lease, the Participation Agreement, the Security Agreement or the Notes. To the extent that the Lessor, or such persons in fact receives indemnification payments from the Lessee under the indemnification provisions of this Section 13, the Lessee shall be subrogated, to the extent of such indemnity paid, to the Lessor's rights with respect to the transaction or event requiring or giving rise to such indemnity. The Lessee agrees that the Lessor shall not be liable to the Lessee for any Claim caused directly or indirectly by the inadequacy of any Item of Equipment for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto, all of which shall be the risk and responsibility of the Lessee. The rights and indemnities of the Lessee hereunder are expressly made for the benefit of, and shall be enforceable by, the Lessor notwithstanding the fact that the Lessor is either no longer a party to this Lease, or was not a party to this Lease at its outset. Any party indemnified hereby shall give the party obligated to defend or indemnify it, prompt written notice of any claim or occurrence (of which it has knowledge) which may give rise to any obligations under this Section.

SECTION 14. Assignment by Lessee, Subleasing

Without the prior written consent of Lessor, the Lessee shall not assign this Lease in whole or in part or create, incur or allow any lien, encumbrance or claim to exist with respect to the Lessee's leasehold interest hereunder. Provided no Event of Default has occurred and is continuing hereunder, the Lessee shall have the right without the prior written consent of the Lessor to sublease the Equipment or any Item to any person, firm or corporation in the ordinary course of the Lessee's business. Under no circumstances shall any such sublease (a) affect the obligations of the Lessee to the Lessor hereunder which shall be and remain those of a principal and not a guarantor or (b) exceed the term of this Lease for the Item subleased (unless the Lessee shall have given notice that its option to renew this Lease for a period exceeding the term of such sublease) or contain provisions inconsistent with this Lease and each sublease shall be subject and subordinate to this Lease in all respects. No sublease, other relinquishment of the possession of any of the Equipment, or assignment by the Lessee of any of its rights hereunder done with the written consent of the Lessor shall in any way discharge or diminish any of the Lessee's obligations to the Lessor hereunder.

SECTION 15. Tax Indemnification

(a) The Lessee understands that the Lessor expects to realize the following tax benefits (the Tax Benefits):

(i) the investment credit under Section 38 of the Code for property with a useful life of more than seven (7) years equal to ten percent (10%) of Lessor's Cost for each Item of Equipment;

(ii) depreciation deductions with respect to the Lessor's Cost for each Item of Equipment over an asset depreciaton period of twelve (12) years to a net salvage value of zero (0), computed initially under the double declining balance method of depreciation provided in Section 167(b)(2) of the Code and then switching to the sum-of-the-years digit method of depreciation provided by Section 167(b)(3) of the Code, all without the consent of the Commissioner, with the annual allowance determined without reduction for salvage, and with the first year's depreciation deduction being maximized by the election of the "half-year convention" pursuant to the Treasury Regulation Section 1.167(a)-11(c)(2) (as in effect on the Closing Date);

(iii) deductions under Section 163 of the Code with respect to interest paid or accrued on the indebtedness incurred by the Lessor in financing its purchase of the Equipment; and

(iv) taxation for federal income tax purposes at the rates in effect on November 1, 1980.

If the Lessor shall, for any taxable year or portion thereof, fail to realize, lose, or suffer the recapture of all or any portion of any Tax Benefit as a result of:

(i) any amendment, modification, addition or change made in or to the provisions of the Code, the Treasury Regulations under the Code, published Internal Revenue Service Revenue Procedures, Revenue Rulings or other administrative interpretations or applicable judicial precedents (all of the foregoing amendments, modifications, additions or changes being hereinafter collectively referred to as a Change in Tax Law) effective as of a date prior to November 1, 1980;

(ii) a claim by any federal taxing authority that any Item of Equipment has a net salvage value greater than zero (0); or

(iii) an act or omission of the Lessee (whether or not permitted or required by this Lease or the Participation Agreement, including, without limitation, breach of any of the Lessee's representations, warranties or agreements contained in or made pursuant to this Lease or the Participation Agreement, or the transactions contemplated hereby and thereby);

then the Lessee shall pay, as an indemnity, the sum of (1) the amount of any additional federal income tax required to be paid with respect to such year by reason of such loss of Tax Benefits, (2) the amount of any interest (net of any actual decrease in federal income tax caused by any allowable deduction of such interest from taxable income), penalties or additions to tax, and (3) the amount of any federal, state and local taxes required to be paid by the Lessor in respect to the

amounts referred to in clauses (1) and (2) and the receipt of amounts pursuant to this clause (3). In respect to any taxable year for which the Lessor files its federal income tax return as a member of an affiliated group, the term Lessor as used in this Section 15 shall mean such affiliated group.

(b) The Lessee shall not be required to pay the Lessor the amounts provided for in Section 15(a) if the loss of Tax Benefit results from the occurrence of any of the following events and would not have been suffered but for the occurrence of such event:

(i) The Lessor shall fail to claim such investment credit, depreciation or interest deductions in its income tax returns for the appropriate years or shall fail to follow the proper procedures in claiming such investment credit, depreciation or interest deductions and such failure to claim or follow such procedures, as the case may be, shall preclude the Lessor from claiming such investment credit, depreciation or interest deductions; or

(ii) The Lessor shall not have sufficient tax liability or taxable income to benefit from such investment credit, depreciation or interest deductions; or

(iii) The Lessee shall have paid the Lessor the Casualty Value or Termination Value of an Item of Equipment pursuant to Section 11, except as provided in Section 15(h); or

(iv) A Tax Change becoming effective after November 1, 1980, or

(v) Voluntary transfer by the Lessor or any involuntary transfer resulting from any exercise by any creditor of the Lessor of such creditor's rights of any interest in the Equipment or any portion thereof or the Lease at a time when such Equipment is leased under the Lease and no Event of Default (or other event which with the lapse of time or the giving of notice or both would constitute an Event of Default) has occurred and is continuing (not including any transfer pursuant to Section 11 of the Lease unless Lessee has paid in full the Causualty Value or the Termination Value as required by Section 11 and all other amounts due pursuant to Section 11, not including any transfer pursuant to Section 18 of the Lease and not including any transfer pursuant to Section 12 of the Participation Agreement).

(c) If at any time during the term of the Lease with respect to an Item of Equipment the Lessor is required to include in its gross income for federal, state or local tax purposes any amount in respect of or resulting from any alteration, modification, replacement, improvement or addition to such Item made by Lessee (hereinafter called a Capital Expenditure), then the Lessee shall pay, as an indemnity, (i) such amount or amounts which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt of such amount under the laws of any federal, state or local government or taxing authority of the United States, shall be equal to the sum of the net aggregate additional federal, state or local

taxes paid by the Lessor from time to time as a result of any such Capital Expenditure (giving effect to any credits or deductions inuring to the benefit of the Lessor as a result of such Capital Expenditure) plus the aggregate amount of any related interest, penalties or additions to tax payable by the Lessor which are not deductible for federal income tax purposes plus (ii) the amount of any interest, penalties or additions to tax payable by the Lessor which are deductible by the Lessor for federal income tax purposes.

(d) If the Lessor shall, for any taxable year or portion thereof, fail to realize all or any portion of any Tax Benefit and such failure is based in whole or part on the provisions of Section 12 of the Participation Agreement or any action taken by any person pursuant to such provisions, then the Lessee shall pay, as an indemnity, (A) a sum which, after reduction by all taxes required to be paid by the Lessor in respect of the receipt of such sum under the laws of any federal, state, local or other taxing authority in the United States, shall be equal to the amount of any additional federal income tax required to be paid with respect to such year by reason of such loss of Tax Benefit and the amount of any penalties or additions to tax which may be payable to the United States Government and which are not deductible for federal income tax purposes and (B) the amount of any interest, penalties or additions to tax payable by the Lessor to the United States Government in connection with such loss and which are deductible for federal income tax purposes.

(e) At the election of the Lessee, any indemnity payable under Section 15(a), (c) or (d) may, effective with the Basic Rent Date next succeeding the date on which such indemnity would otherwise be payable, be paid through adjustment of the Rent, the Casualty Values and the Termination Values so as to maintain the Lessor's net returns (which shall be that set of pre-tax economic and accounting yields and after tax cash returns projected by the Lessor, using various assumptions with respect to such matters as income tax rates, debt rates, sinking fund rates, depreciation, investment tax credits, expense amounts and amortization, residual values and delivery dates, as were utilized by the Lessor in originally evaluating this transaction), and such adjustments shall be set forth in a supplement to this Lease reasonably satisfactory in form and substance to the Lessor, the Lessee and the Lender.

(f) If a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss of Tax Benefits under circumstances which would require the Lessee to indemnify the Lessor, the Lessor shall promptly notify the Lessee. If within thirty (30) days of such notice the Lessee requests the Lessor in writing, and so long as such proceedings do not involve any danger of sale, forfeiture or loss of any Items of Equipment, or any interest therein, and upon the receipt by the Lessor of (i) an opinion of independent tax counsel, reasonably satisfactory to the Lessor, to the effect that a meritorious defense exists as to such claim and (ii) indemnity reasonably satisfactory to it and at the expense of

the Lessee (including, without limitation, all costs, expenses, losses, legal and accountants' fees and disbursements, penalties and interests), then the Lessor shall in good faith contest (after consultation with the Lessee) in the name of the Lessee or the Lessor, the validity, applicability and amount of such tax, fee or other charge by such proceedings as the Lessor, after considering in good faith such request as the Lessee shall make concerning the most appropriate mode of contest, as the Lessor shall in its sole discretion determine appropriate, including (i) resisting payment thereof, (ii) not paying the same except under protest, if protest is necessary and proper, and (iii) if payment be made, using reasonable efforts to obtain a refund thereon in appropriate administrative and judicial proceedings; provided, however, to the extent legally permissible, every such contest shall be made by the Lessee in its own name or, if the Lessor so requests, in the name of the Lessor. If the Lessee should object to a proposed compromise of any such contest and furnish an opinion of independent tax counsel, reasonably satisfactory to the Lessor, stating that the proposed compromise does not fairly reflect the litigation potential of such contest, and if the Lessor nevertheless accepts such compromise, such acceptance shall operate as a waiver of the Lessor's right of indemnity against the Lessee with respect to the specific tax, fee or other charge being contested. If the Lessor shall obtain a refund of all or any part of such tax, fee or other charge paid by the Lessee, the Lessor shall pay the Lessee an amount which, after

taking into consideration the tax consequences under the laws of any federal, state, local or other taxing authority resulting from the receipt of the Lessor of such a refund and the payment hereunder to the Lessee, is sufficient to place the Lessor in the same position as it would have been had no refund been received by the Lessor and the Lessor had not made any payment hereunder; provided, that such amount shall not be payable before such time as Lessee shall have made payment of all indemnities then due under this Section 15. If in addition to such refund the Lessor shall receive an amount representing interest on the amount of such refund, the Lessee shall be paid that proportion of such interest which is fairly attributable to taxes, fees or other charges paid by the Lessee prior to the receipt of such refund.

(g) If the event which results in a loss of Tax Benefits in any year for which the Lessor is indemnified by the Lessee as provided above has the effect of reducing the tax liability of the Lessor, the Lessor shall pay to the Lessee the sum of (i) the amount by which the Lessor's tax liability has been so reduced and (ii) any reduction in the Lessor's tax liability attributable to the deduction of the amount described in this sentence; provided, however, that the total of such payments by the Lessor shall not exceed the total of indemnity payments made by the Lessee in respect of such indemnity and no such amount shall be payable to Lessee at any time when an Event of Default (or any event which with the lapse of time or

the giving of notice or both would become an Event of Default) has occurred and is continuing.

(h) All of the indemnities and agreements of the Lessee contained in Section 13 and in this Section 15 shall survive and continue in full force and effect notwithstanding termination of this Lease or of the lease of any or all Items of Equipment hereunder.

(i) Any amount payable in accordance with this Section 15 shall be payable on the Lessee's receipt of the invoice of the Lessor which invoice shall contain an explanation of the calculations used to determine the amount of such payment. Each such invoice shall be accompanied by a statement from an officer of the tax department of the Lessor that he has examined the determination of the amount due and that, in his opinion, such amount due has been properly calculated pursuant to this Section 15.

(j) The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with this Section 15 and that each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Lessor such records as will enable the Lessor to determine it is entitled to the full benefit of the Tax Benefits.

(k) No amount shall be payable under this Section to the extent any payment of Casualty Value or Termination Value by the Lessee has indemnified the Lessor for any amount otherwise payable pursuant to this Section. If the Lessee makes both an indemnity payment with respect to a loss of Tax Benefits and also makes either a payment of Casualty Value or a payment of Termination Value, then in such event an appropriate adjustment shall be made, if necessary, to prevent duplication of payment by the Lessee for such loss.

SECTION 16. Lease Extension, Right of First Refusal

(a) Provided that this Lease has not been terminated and provided that no Event of Default has occurred and is continuing hereunder, the Lessee shall have the option to extend the term of this Lease with respect to all (but not less than all) Items then subject to this Lease for a term of 18 months for a rental equal to the Fair Market Rental Value thereof for the length of such period determined as of the end of term of this Lease.

(b) Not less than one-hundred and eighty (180) days prior to the Expiration Date or end of the last renewal period, the Lessee may indicate, by written notice to the Lessor, the Lessee's interest in exercising the Lessee's lease extension, which notice shall set forth the Lessee's estimate of the Fair Market Rental Value and the Fair Market Value of the relevant Items as of such date. If, on or before a date one-hundred and fifty (150) days prior to such date, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market

Rental Value and the Fair Market Value, such amounts shall be determined in accordance with the procedure for Appraisal. After a determination has been made in accordance with the procedure described above, the Lessee may exercise its option to extend the term of this Lease by delivering written notice of such exercise to the Lessor not less than one-hundred and twenty (120) days prior to the Expiration Date or end of the last renewal period. The Lessee shall have no right of early termination comparable to that provided in Section 11 hereof during any extended period of this Lease, and the Casualty Value applicable to any Item shall be an amount equal to the Fair Market Value of the Item plus the Rent payment due on the next payment date of such extended period.

(c) Provided that the Lessee is not in default hereunder, the Lessor shall not, at any time on or prior to the date one-hundred eighty (180) days after the end of the original term (or, if applicable, any renewal term) of the Lease, sell, transfer or otherwise dispose of the Equipment unless:

(1) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer, or offers in writing, satisfactory to the Lessor to purchase all or any portion of the Items of Equipment;

(2) the Lessor shall have given the Lessee notice (i) setting forth the proposed purchase price, the proposed date of purchase and whether arrangements have been made for deferred payment of the purchase

price, and (ii) offering to sell such Items of Equipment to the Lessee upon the same terms and conditions as those set forth in such notice; and

(3) the Lessor shall not have received written notification from the Lessee within twenty (20) days following such notice of the election to purchase such Items of Equipment upon such terms and conditions.

SECTION 17. Events of Default

The term Event of Default, wherever used herein, shall mean any of the following events under the Lease listed below (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or come about or be affected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court of any order, rule or regulation of any administrative or governmental body).

(a) The Lessee or any assignee shall fail to make any payment of Rent after the same shall become due and such failure shall continue for five (5) days after written notice thereof from the Lessor to the Lessee; or

(b) The Lessee shall fail to maintain insurance in accordance with the requirements of Section 12 hereof; or

(c) The Lessee shall fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease or any agreement, document or certificate delivered by the Lessee in connection herewith, and such failure shall continue for thirty (30) days after written notice thereof from the Lessor to the Lessee; or

(d) United States Leasing International, Inc. (USLI) or the Lessee shall fail to perform or observe any covenant, condition, or agreement to be performed by it under the Participation Agreement or any agreement, document or certificate delivered by USLI or the Lessee in connection therewith, and such failure shall continue for thirty (30) days after written notice thereof from the Lessor to the Lessee and USLI; or

(e) Any representation or warranty made by the Lessee in this Lease or by the Lessee or USLI in the Participation Agreement, or in any other document (including financial statements) or certificate furnished to the Lessor in connection therewith, except the representations and warranties contained in Section 9(f) of the Participation Agreement, shall prove to have been incorrect in any material respect when any such representation or warranty was made or given; or

(f) The Lessee or USLI becomes insolvent or generally is not paying its debts as such debts become due; or any of them applies for, consents to or acquiesces in the appointment of a trustee or a receiver, or a trustee or receiver for any property of any thereof; or, in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for the Lessee or USLI, or for a substantial part of the property of any thereof, and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against the Lessee or USLI and, if instituted against the

Lessee or USLI is consented to or acquiesced in or remains for ninety (90) days undismissed; or

(g) Any obligation of the Lessee or USLI for borrowed money the aggregate outstanding principal amount of which is in excess of \$250,000, or for the payment of rent under leases of real or personal property having aggregate remaining unpaid rentals in excess of \$250,000, or for the deferred purchase price of property having aggregate remaining unpaid payments in excess of \$250,000 becomes or is declared to be due and payable prior to its express maturity by reason of default by the Lessee or USLI in the performance or observation of any obligation or condition; or

(h) The Lessee shall attempt to or remove, sell, transfer, encumber, part with possession of, assign or sublet any Item of Equipment in violation of the terms of this Lease; or

(i) Any Lien shall be asserted against or levied or imposed upon the Equipment, and such Lien shall not be discharged or removed within thirty (30) calendar days after written notice from the Lessor or any assignee of the Lessor demanding the discharge or removal thereof.

SECTION 18. Remedies

Upon the happening of an Event of Default, the Lessor shall (except to the extent otherwise required by law) be entitled to:

(i) Proceed by appropriate court action or actions to enforce performance by the Lessee of the applicable covenants

and terms of this Lease or to recover damages for the breach thereof;

(ii) Repossess any or all Items of Equipment without prejudice to any remedy or claim hereinafter referred to;

(iii) Elect to sell any or all Items of Equipment, after giving fifteen (15) days' notice to the Lessee, at one or more public or private sales and recover from the Lessee as liquidated damages for the Lessee's default hereunder an amount equal to the amount, if any, by which (A) the sum of (i) the aggregate Casualty Value of such Items of Equipment determined as of the rent payment date next following the date such notice is given, (ii) all Rent owing hereunder to and including the rent payment date immediately following the date such notice is given, (iii) all reasonable costs and expenses incurred in searching for, taking, removing, keeping, storing, repairing, restoring, and selling such Items of Equipment, (iv) all other amounts owing by the Lessee hereunder, whether as additional Rent, indemnification or otherwise, and (v) all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder, exceeds (B) the amount received by the Lessor upon such public or private sales of such Items of Equipment;

(iv) Upon notice to the Lessee receive prompt payment from the Lessee of an amount equal to the aggregate Casualty Value determined as of the rent payment date next following the date such notice is given of all Items of Equipment which have

not been sold by the Lessor pursuant to clause (iii) above plus, to the extent not otherwise recovered from the Lessee pursuant to said clause (iii) above, (a) any Rent and other amounts owing hereunder to and including the rent payment date immediately following the date such notice is given, (b) all reasonable costs and expenses incurred in searching for, taking, removing, keeping, storing, repairing and restoring such Items of Equipment, (c) all other amounts owing by the Lessee hereunder whether as additional Rent, indemnification or otherwise, and (d) all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder; provided that upon receipt of payment in full of such amount, the Lessor shall transfer to the Lessee, without any representation or warranty of any kind, express or implied, whatever title to such Items of Equipment it may have, free of all liens arising by, through or under the Lessor or any of its affiliates;

(v) By notice to the Lessee, declare this Lease terminated without prejudice to the Lessor's rights in respect of obligations then accrued and remaining unsatisfied; or

(vi) Avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity, or in bankruptcy or insolvency proceedings.

The remedies herein set forth or referred to shall be cumulative. The references to additional Rent in clauses (iii) and (iv) of this Section 18 shall each include, without limitation, interest at the Overdue Rate, to the date of receipt by

the Lessor of the amount payable under said clause, or installments of rent owing hereunder to and including the rent payment date immediately following the date on which notice is given under said clause, from the respective due dates of such installments, and interest on all other costs, expenses and losses for which the Lessor is entitled to payment under said clause from the respective dates incurred by Lessor.

In the event that on or after July 6, 1993 any or all Items of Equipment are repossessed pursuant to clause (ii) of this Section or sold pursuant to clause (ii) of this Section, the Lessee shall be entitled to the lesser of the following amounts:

(i) the amount shown in parentheses on Exhibit B with respect to such Items determined as of the rent payment date next following the date the sale is made with respect to the applicable Item or the date repossession of the applicable Item is effected.

(ii) the excess, if any, of (A) the sum of the proceeds resulting from the sale of the Items and the Fair Market Values of any unsold Items; over (B) the sum with respect to such Items which equals the total of (i) the Casualty Value of such Items of Equipment determined as of the rent payment date next following the date such notice is given, (ii) all Rent owing hereunder to and including the rent payment date immediately following the date such notice is given, (iii) all reasonable costs and expenses incurred in searching for, taking, removing, keeping, stor-

ing, repairing, restoring, and selling such Items of Equipment, (iv) all other amounts owing by the Lessee hereunder, whether as additional Rent, indemnification or otherwise, and (v) all costs and expenses, including (without limitation) reasonable legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder.

SECTION 19. Notices

All communications and notices provided for herein shall be in writing and shall become effective one (1) business day after deposit in the United States mail, with proper postage for first-class mail prepaid certified or registered return receipt requested, addressed:

(a) if to the Lessor at:

P.O. Box 3586
Seattle, Washington 98124

Attention: Large Ticket and Leveraged Leasing

(b) if to the Lessee at:

633 Battery Street
San Francisco, California 94111

Attention: President

with a copy to USLI at the same address as the Lessee, Attention: President.

SECTION 20. Lessor's Right to Perform for Lessee.

If the Lessee shall fail to make any payment due hereunder or to perform or comply with any of its covenants and agreements contained herein, the Lessor may give notice of such failure to the Lessee and, within ten days after such notice is

given, the Lessor may itself make such payment or perform or comply with such agreements or covenants except that if the Lessee's failure creates substantial risk or harm to or forfeiture of any of the Equipment, the Lessor may make such payment or perform or comply with such agreements or covenants concurrently with or at any time after the giving of such notice and the amount of the reasonable expenses of the Lessor (including attorneys' fees and expenses) incurred in connection with such payment of the performance of or compliance with such agreements or covenants as the case may be, together with interest thereon at the Overdue Rate, shall be deemed Rent, payable by the Lessee upon demand. No such payment, performance or compliance by the Lessor shall be deemed to cure any Event of Default arising out of such failure of the Lessee to pay, perform or comply.

SECTION 21. Further Assurances.

The Lessee will promptly and duly execute and deliver to the Lessor such documents and assurances and take such further action as the Lessor may from time to time reasonably request in order to carry out more effectively the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor hereunder, including, without limitation, if requested by the Lessor and at the expense of the Lessee, the recording or filing of counterparts hereof, or of such other documents with respect hereto, in accordance with the laws of such jurisdictions hereto, in accordance with the laws of such jurisdictions as Lessor may from time to time reasonably request and so advise Lessee in writing.

SECTION 22. Amendments and Miscellaneous

(a) The terms of this Lease shall not be waived, altered, modified, amended, supplemented or terminated in any manner whatsoever except by written instrument signed by the Lessor and the Lessee.

(b) This Lease, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of the Lessor and its successors, assigns, agents, servants and personal representatives.

(c) All agreements, covenants, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

(d) Any provision of this Lease which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, the Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(e) This Lease shall constitute an agreement of lease and nothing herein shall be construed as conveying to the Lessee

any right, title or interest in or to the Equipment, except as lessee only.

(f) The single executed original of this Lease marked "Original" shall be the "Original" and all other counterparts hereof shall be marked and be "Duplicates." To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the "Original."

(g) This Lease shall be construed in accordance with, and shall be governed by, the laws of the State of New York.

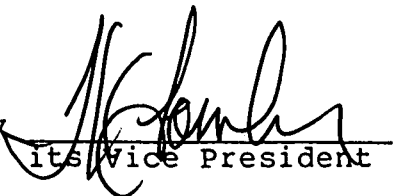
(h) Section headings are for convenience only and shall not be construed as part of this Lease.

(i) This Lease is dated as of October 1, 1980 for convenience of identification in the Participation Agreement and other documents related thereto. Notwithstanding such dating the effective date of this Lease for all purposes is the Closing Date.

IN WITNESS WHEREOF, the parties hereto have each caused this Lease to be duly executed by their respective officers thereunto duly authorized.

LESSOR:

SEAFIRST LEASING CORPORATION

By 
its Vice President

LESSEE:

UNITED STATES RAIL SERVICES,
INC.

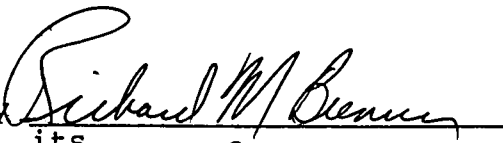
By 
its Vice President

EXHIBIT A TO
EQUIPMENT LEASE

DESCRIPTION OF EQUIPMENT

<u>Lessor's Equipment Description</u>	<u>Cost (Per Item)</u>
100 ton general service gondola cars.	\$44,000
Marked and Numbered ALQS 7001 to ALQS 7025 both inclusive and marked and numbered CSL 101 to CSL 175. both inclusive.	

Lessor's Cost for the Equipment is \$4,400,000.

EXHIBIT B TO
EQUIPMENT LEASE

CASUALTY VALUES

The Casualty Value of each Item of Equipment (and any amount referred to as "the amount shown in parenthesis" with respect thereto) shall be the sum of (i) the percentage of Lessor's Cost of such Item set forth opposite the Basic Rent Date or Settlement Date, and (ii) the amount, if any, payable under Annex 1 hereto:

<u>DATE</u>	<u>CASUALTY VALUE</u>
January 6, 1981	84.365
July 6, 1981	85.679
January 6, 1982	86.640
July 6, 1982	87.380
January 6, 1983	87.864
July 6, 1983	88.149
January 6, 1984	88.192
July 6, 1984	88.040
January 6, 1985	87.658
July 6, 1985	87.085
January 6, 1986	86.294
July 6, 1986	85.319
January 6, 1987	84.138
July 6, 1987	82.781
January 6, 1988	81.233
July 6, 1988	79.523
January 6, 1989	77.672
July 6, 1989	75.690
January 6, 1990	73.573
July 6, 1990	71.319
January 6, 1991	68.925
July 6, 1991	66.387
January 6, 1992	63.703
July 6, 1992	60.890
January 6, 1993	10.247
July 6, 1993 (54.679)	9.835
January 6, 1994 (50.960)	9.713
July 6, 1994 (47.107)	9.952
January 6, 1995 (43.114)	10.444
July 6, 1995 (38.976)	10.959
January 6, 1996 (34.688)	11.496
July 6, 1996 (30.246)	12.057
January 6, 1997 (25.642)	12.644
July 6, 1997 (20.872)	13.257
January 6, 1998 (15.929)	13.897
July 6, 1998 (10.807)	14.567
January 6, 1999 (5.500)	15.000
Thereafter	20.000

ANNEX 1 TO EXHIBIT B
(to Equipment Lease)

The percentages set forth in this Exhibit B have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Code. Consequently, the Casualty Value of any Item of Equipment subject to an Event of Loss on or before the third, fifth or seventh anniversary of the Closing Date shall be increased by the applicable percentage of the Lessor's Cost set forth below:

<u>Annual Anniversary of</u> <u>Closing Date</u>	<u>Percentage of</u> <u>Lessor's Cost</u>
Third	18.51852%
Fifth	12.34568%
Seventh	6.17284%

EXHIBIT C TO
EQUIPMENT LEASE

TERMINATION VALUES


The Termination Value of each Item of Equipment (and any amount referred to as "the amount shown in parenthesis" with respect thereto) shall be the percentage of Lessor's Cost of such Item set forth opposite the Basic Rent Date or Settlement Date:

<u>DATE</u>		<u>TERMINATION VALUE</u>
July 6, 1989		75.690
January 6, 1990		73.573
July 6, 1990		71.319
January 6, 1991		68.925
July 6, 1991		66.387
January 6, 1992		63.703
July 6, 1992		60.890
January 6, 1993		10.247
July 6, 1993	(54.679)	9.835
January 6, 1994	(50.960)	9.713
July 6, 1994	(47.107)	9.952
January 6, 1995	(43.114)	10.444
July 6, 1995	(38.976)	10.959
January 6, 1996	(34.688)	11.496
July 6, 1996	(30.246)	12.057
January 6, 1997	(25.642)	12.644
July 6, 1997	(20.872)	13.257
January 6, 1998	(15.929)	13.897
July 6, 1998	(10.807)	14.567

STATE OF WASHINGTON)
COUNTY OF KING)

SS:

On this 24th day of November, 1980, before me, personally appeared T. K. Fowler, to me personally known, who being by me duly sworn, says that he is Vice President of SEAFIRST LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public, in and for the State
of Washington, residing at New Island

(Notarial Seal)

STATE OF CALIFORNIA)
CITY OF SAN FRANCISCO)

SS:

On this 22nd day of November, 1980, before me, personally appeared Richard M. Brenner, to me personally known, who being by me duly sworn, says that he is Vice President of UNITED STATES RAIL SERVICES, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.


Notary Public

(Notarial Seal)

My commission expires: Dec. 12, 1981

